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SUBJECT: UGANDA SUPPORTS EAST AFRICAN INTEGRATION BUT PROGRESS SLOW

REF: KAMPALA 00488

11. SUMMARY: The First Deputy Prime Minister and Minister for East African Affairs, Mr. Eriya Kategaya, reiterated the importance of East African integration for the creation of a large and viable economic bloc to transform the economies of the region. Kategaya reported the findings of the National Committee Fast Tracking the Political Federation on March 14. The Fast Tracking committee was set up to carry out public consultative meetings in the country to educate the public about the integration process. Findings show that Ugandans support the federation, but have some concerns about how integration will affect them politically and economically. END SUMMARY.

Fast Tracking Process

12. The Fast Tracking process was created in response to concerns by member states that the pace of integration was too slow. The new East Africa Community (EAC) was established following the signing of a treaty on November 30, 1999. The treaty came into force on July 12002. In 2004, the heads of member states resolved to examine ways of fast tracking the process to hasten the ultimate goal of political federation. Consultative committees for the fast tracking of the East Africa federation were launched in October 2006 in Kenya, Tanzania, and Uganda. The process is expected to be completed in July 2007. The key stages of integration include a customs union, a common market, monetary federation and eventually a political federation. After the consultations, the government committees will report on their findings and formulate a plan for the future. The EA committee also will hold a public referendum in each member state. Elections for the federation president and parliament are scheduled in 2013.

13. Kategaya's Ministry for East African Affairs oversaw the process, and the committee carried out consultative meetings in southwestern, eastern, and central Uganda. Consultations in northern Uganda will be held soon. The exercise involved a wide spectrum of the public including business representatives, farmers, religious and district political leaders, political groups, the youth, women, and persons with disabilities.

Integration Concerns

14. Overall most Ugandans support the idea of integration, according to Kategaya. However, he said that consultations revealed that some Ugandans were concerned about the draft land tenure policy which would convert the current land policy to a freehold system from customary uses. Those from the central area, primarily the Baganda tribe, feared their land could be grabbed and given to investors under a new land policy. The same region has been seeking autonomy

as a separate state within Uganda led by the Kingdom of Buganda. The members of the Baganda tribe want the land issue addressed prior to integration into the EAC.

15. The business community was concerned that Kenya would dominate the common market because its industries are more developed, although businessmen believed integration would help end smuggling across the border and lead to uniformity in prices for goods. Businesses also wanted to know how a common East African currency would affect the Ugandan economy. There were mixed reactions on the presidency with some people demanding that the presidential post rotate among member states while others want current presidents to be barred from running in East African Community presidential elections. Other issues raised included the loss of sovereignty, security concerns, especially in Karamoja region; payment of former East African Community employees; and lack of a common language to enhance communication across borders. Swahili is not spoken as widely in Uganda as it is by its neighbors.

Integration and Proposed TIFA

16. Uganda is finalizing an internal review of the proposed Trade Investment Framework Agreement (TIFA) with the United States and other EAC member states. Originally, the proposed TIFA was to be signed by the governments of the member states, but now the member states are interested in signing the TIFA at the EAC level. The Ugandan Minister of Trade, Tourism and Industry, Janat Mukwaya told econoff that Uganda, Tanzania, and Kenya intend to proceed with the proposed TIFA at the EAC level as a way to further legitimize the EAC as the entity for addressing trade issues with member states. Rwanda has already signed a TIFA with the United States.

KAMPALA 00000511 002 OF 002

Comment

17. The original East African Community collapsed in 1977 over ideological differences, generating a great deal of mistrust among members. Uganda, and the other landlocked member states, Rwanda and Burundi, have a lot to gain from integration because there would be no taxes levied on their goods at ports of entry. However, the business community in Uganda needs to become more developed to compete effectively in a larger and more developed market.

BROWNING